



Marion County Assessor

Greg Bowes

June 23, 2010

Mr. Brian Bailey, Commissioner
Indiana Department of Local Government Finance
200 N Senate Ave Ste N1058(B)
Indianapolis, IN 46204

RE: 2010 (payable in 2011) Annual Adjustment Process for Marion County, IN

Dear Commissioner Bailey:

This letter is to serve as our narrative explanation for the Annual Adjustment process for the 2010 (payable in 2011) assessments in Marion County. The following steps and procedures were taken to revise the 2010 assessed values for Marion County.

Township Assessor Consolidation

In November 2008, the voters in Marion County overwhelmingly supported a public question on the ballot asking whether to transfer assessment responsibilities from township assessors to the county assessor. Since our last annual adjustment, the benefits of consolidation have borne more fruit. Our data has been cleaned up and our assessment teams, which were organized by subject matter rather than by township, have been able to bring more accuracy and consistency to the assessment results.

Processing of 2006 Assessments under Appeal

Marion County received over 22,000 appeals of the 2006 (payable in 2007) assessments. Although the number was just over 6% of the total number of parcels, it was unusually large compared to prior years. We have finalized just over 50% of those appeals to date. Over 3,000 of those appeals have been completed since we submitted the 2009 (payable in 2010) ratio studies last December, and another 4,000 are currently in process. In the process of resolving the 2006 appeals, we were able to identify pockets of problems, and take steps to adjust them, not just for the parcels appealed, but for other parcels with the same circumstances. When any appeal for 2006 was resolved, we also made appropriate adjustments for the 2010 (payable in 2011) assessment.

Field Work

As part of our reorganization, we have teams assigned only to perform field inspections. Since our last annual adjustment submission, we have performed field inspections in response to the pulling of a

construction permit for over 1,900 residential and over 1,000 commercial or industrial properties. To identify residential properties with unused improvements, we conducted site visits to over 300 properties to confirm the use of the property and make any needed adjustments to our condition measures.

Review and Validation of the 2009 Sales Database

In accordance with the DLGF's February 15, 2010, memorandum, we used sales from January 1, 2009, through March 1, 2010, in the annual adjustment process. To ensure the accuracy of the sales used, we individually reviewed all of the paper copies of sales disclosures submitted during that period to confirm that they were accurately data-entered in our electronic file. This period was the first after township assessor consolidation where a coordinated team was involved with every step in the sales disclosure collection and audit process. That coordination provided a more thorough audit to determine which sales would be appropriate for use in the ratio study. For those sales that were deemed invalid for trending purposes, an explanation can be found in the sales disclosure file. Where a sale was subsequently excluded during the trending process, we have provided a spreadsheet with an explanation showing why the sale was inappropriate for use.

Re-delineation of Neighborhood Boundaries

Our commercial and industrial assessment team more carefully delineated the commercial and industrial neighborhoods for the Castleton Square mall district, the Keystone at the Crossing retail area, the Woodfield Crossing business district, and the Broad Ripple retail area. When the revisions to residential neighborhoods are included, we reduced the number of neighborhoods in Marion County by 394.

Review of Land Values

Land values for Perry Township were analyzed and major corrections were made for commercial and industrial parcels. Base rates for other land values were adjusted where appropriate.

Thorough Physical Reexamination of Certain Commercial Properties

Our commercial and industrial assessment team made thorough physical inspections and assessment review of several kinds of properties. A major parcel-by-parcel review of commercial properties in the Broad Ripple area was undertaken. Many properties improperly classified for residential uses were corrected, and sales were reviewed to confirm assessments. This review resulted in a 70% increase in the aggregate assessed value of the area. All parking lot parcels in the county were revised. All campgrounds in the county were revised. Mobile home parks were processed more thoroughly, but more owner identification work is scheduled for the next assessment year.

Review of Income Producing Properties

Our commercial assessment team has developed an income capitalization model to be used for multi-family residential properties. As part of processing hundreds of appeals of the 2006 (payable in 2007) cycle for these apartments, this model was used to arrive at a settlement. Any information gleaned in the appeals process was then used to develop market assumptions we used for the 2010 (payable in 2011) assessments. Market data resources were also consulted to confirm our income approach information. All multi-unit apartments were reviewed using all three assessment approaches, and the lowest value was applied in accordance with IND. CODE § 6-1.1-4-29.

General Data Cleanup

Our GIS team has been working diligently to revise our base map to make our parcel delineations more accurate, and has continued to finalize our conversion to the required 18-digit parcel number. Data errors and inconsistencies in our assessment data continue to be identified and corrected. We continued to revise improperly identified use codes. We have encouraged taxpayers to combine contiguous parcels to take advantage of the new supplemental homestead deduction, thus eliminating unnecessary parcel delineations. More than 2,000 parcels have been combined and repriced for the 2010 pay 2011 tax year. Another 1,200 parcels have been identified in Center Township as needing to be combined based on parcel lines crossing structures. Communication channels have been established with Department of Metropolitan Development and Office of Code Enforcement to assure correct and consistent addressing. We coordinated with city agencies to identify vacant residential housing, and conducted physical inspections to ensure accurate data on the condition of the properties.

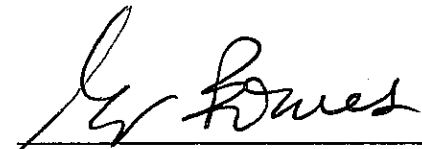
Calculation of New Neighborhood Factors

We used our new PVD computer system to perform initial ratio studies at the neighborhood and township levels. This initial calculation identified areas where land base rates needed to be revised or where neighborhood delineations needed to be reviewed. Where a review of a parcel's physical characteristics was warranted, aerial photography, Pictometry, or Metropolitan Indianapolis Board of Realtors (MIBOR) listing information were reviewed to be certain physical data was correct. Where that information was inconclusive, field inspections were conducted. After these changes were made, we performed the ratio studies again. In many neighborhoods, there were an inadequate number of sales to rely on for proper trending. In these cases, we turned to other market trend sources, such as MIBOR analyses, CoStar's sale and lease data, and our own analysis of trends in Marion County's sales, to determine whether a change in the trending factor was appropriate. The ratio studies were again performed after all the changes outlined above had been made. The results of the final ratio studies achieved statistical measures within the IAAO limits.

The ratio studies and the Marion County workbook have been made available to you on an FTP site. We will let you know the Login and password by separate letter.

I hope these results meet with your approval. If there are any problems, or if you have any questions about our process, please let me know.

Sincerely,



Greg Bowes
Marion County Assessor